



*Final
Report*

County of San Diego, California

Auditor and Controller

Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Countywide Donations

Office of **A**udits & **A**dvisory **S**ervices

**October 2009
Report No. A09-032**



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

October 16, 2009

TO: Dorothy Y. Thrush, Group Finance Director
Public Safety Group

FROM: Kenneth J. Mory
Chief of Audits

**FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES
REIMBURSEMENT VALIDATION AUDIT – COUNTYWIDE DONATIONS**

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Countywide Donations. The report includes various audit findings and recommendations.

We have reviewed your responses and have attached them to the audit report. The actions taken and planned, in general, are responsive to the findings and recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations.

If you have any immediate concerns about the report, please contact me at (858) 495-5662.


KENNETH J. MORY
Chief of Audits

AUD:FDL:aps

Enclosure

c: Raymond A. Fernandez, Deputy Chief Administrative Officer, Public Safety Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller

INTRODUCTION AND BACKGROUND

Starting on October 21, 2007, seven wildfires burned through the County of San Diego. These fires resulted in over 369,000 acres burned, or 13% of the County's total land mass. Extensive damage was caused to 1,751 homes, 800 outbuildings, 253 structures, 239 vehicles, and two commercial properties.

As declared by the Federal Emergency Management Agency (FEMA), Firestorm 2007's official incident period began October 21, 2007. It was officially closed as of March 31, 2008.

Beginning on October 21, 2007, various departments in San Diego County mobilized employees to assist in multiple disaster-related activities. County departments worked to procure and disseminate materials and to provide disaster assistance to County citizens with personal, property, and/or livestock issues, as well as to provide fire-fighting efforts and other services toward the safety and well-being of displaced and affiliated County residents.

The Director, Office of Emergency Services, has been leading the overall County operational efforts while the Group Finance Director, Public Safety Group, has led the Finance team.

The Chief Financial Officer (CFO) requested that the Office of Audits & Advisory Services (OAAS) conduct an audit of the Countywide Donations for Firestorm 2007 related expenditure amounts claimed for reimbursement to:

- 1) Prevent any material disallowance by the Office of Inspector General (OIG) of amounts claimed; and
- 2) Provide reasonable assurance to the CFO and County management that the claims and reimbursements are adequately supported.

Donation claims of \$348,087 were submitted by the Department of Public Works (DPW), the Office of Emergency Services (OES), and the Health and Human Services Agency (HHSA). These donation claims were related to volunteer labor and material donations resulting from the October 2007 wildfires (Firestorm 2007). The FEMA/OES project officer assigned ALL 159 as the claim tracking number.

AUDIT SCOPE AND LIMITATIONS

The objective of the audit was to ensure that the departments have gathered, organized, titled, and referenced documentation supporting cost claims on FEMA Project Worksheets (PWs) and State Damage Survey Reports (DSRs), and that all the supporting documentation will be maintained in a manner that the OIG and other reviewers can easily follow.

The information reviewed and submitted for reimbursement was based on expenditures as reported Countywide. FEMA/OES project officers assigned to review Countywide Donations made the final eligibility determination. OAAS did not make eligibility determinations of the expenditures submitted to FEMA/OES for reimbursement.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

METHODOLOGY

OAAS reviewed the supporting documentation for the Countywide Donations submitted to FEMA or State for reimbursement by:

- Verifying that all supporting documentation was organized, titled, and cross-referenced with the line items listed on each PW;
- Reviewing the Damage Description and Scope of Work (SOW) to verify the types of expenses incurred in the PW;
- Comparing the amount reported on the PW to the amounts provided in supporting documentation to ensure the total amounts reconciled and that required documentation was provided;
- Recalculating the total amount claimed to ensure that the amount calculated from the supporting documentation agreed with the total amount listed on the PW;
- Reviewing payroll records to ensure the overtime hours incurred and rates applied were reconciled with those claimed on the PW, and to determine if overtime and related benefits were correctly calculated and properly supported; and
- Reviewing the expenditures to determine the purchases were correctly calculated and properly supported.

AUDIT RESULTS

OAAS' review of supporting documentation confirmed that HHSA donation costs of \$20,192 were properly substantiated. The original claim amount of \$348,087 was supported with HHSA donated materials of \$20,192, DPW volunteer labor of \$304,512, and OES volunteer labor of \$23,383. The table below gives a detailed outline of the Countywide Donation claims reviewed by OAAS. The DPW's portion of the donation claim was not cleared due to reasons outlined in the finding. The OES' portion of the donation claim was not cleared due to supporting documentation not being ready for review at the time of the audit.

Firestorm 2007 Countywide Donation Claims		
Claiming Org	Amount Claimed	Amount Cleared
HHSA	\$ 20,192	\$ 20,192
DPW	\$ 304,512	\$ -
OES	\$ 23,383	\$ -
Total	\$ 348,087	\$ 20,192

FINDING

Finding: Donation Claims Not Prepared for Review

The supporting documentation provided for the DPW donation claim of \$304,512 did not have adequate information to substantiate donation costs claimed. Supporting documentation was not included, organized, titled, and cross referenced as required by the County's Firestorm 2007 review preparation format. Furthermore, documentation provided was solely comprised of Volunteer Registration Forms which do not disclose actual volunteer hours worked. Per FEMA guidance, volunteer labor must be supported with a daily sign in sheet outlining time-in and time-out by individual.

A review of a sample of Volunteer Registration Forms found that they were not consistently used to keep track of volunteers, were not consistently completed, and had multiple instances of uncertified corrections made. Finally, there was no support for the labor rates claimed and used to calculate the final claim amount. OAAS cannot clear DPW's portion of ALL 159 because volunteer labor was not tracked as outlined by FEMA and documentation was not prepared using the County's Firestorm 2007 review preparation format.

The supporting documentation for the OES donation claim of \$23,383 was not prepared at the time of review. Supporting documentation was not included, organized, titled, and cross referenced as required by the County's Firestorm 2007 review preparation format. OAAS cannot clear OES' portion of ALL 159 because adequate information to substantiate donation costs claimed was not available or prepared.

RECOMMENDATION

Recommendation: DPW and OES should consider taking the following actions on PW ALL 159 items one, two, and three in order to prepare the claim for FEMA/OES review:

- Prepare the supporting documentation and have adequate information on file to substantiate costs claimed;
- Supporting documentation should be organized, titled, and cross referenced as required by the County's process for Firestorm 2007 review preparation; and
- A summary sheet and narrative should be developed to guide future reviewers on:
 - FEMA authorized scope of work actually performed;
 - Support and description for how volunteer hours were tracked and reviewed; and
 - Support and description for how labor rates and fringe rates were calculated and applied.

The departments should maintain all original supporting documentation for their portion of PW ALL 159 and keep them separate from other documentation.

CONCLUSION

HHSA is cleared by OAAS to request reimbursement for eligible expenditures of \$20,192 from the Firestorm 2007 Trust Fund for PW ALL 159. OES and DPW are not cleared by OAAS to request reimbursement for \$23,383 and \$304,512, respectively.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the officers and staff of HHSA, OES, and DPW throughout this audit.

AUDIT TEAM

Jim Pelletier, Senior Audit Manager
Franco Lopez, Auditor II
Geena Balistrieri, Auditor I

DEPARTMENT RESPONSE



County of San Diego

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October 9, 2009

TO: Kenneth J. Mory, Chief of Audits
Office of Audits and Advisory Services

FROM: Dorothy Y. Thrush, Group Finance Director
Public Safety Group

I have reviewed the final draft report entitled **Firestorm 2007 Expenditures Submitted for FEMA/CalEMA Reimbursement Validation Audit – Countywide Donations** dated June 2009 Report No. A09-032. The objective of this review was to ensure that departments gathered, organized, titled and referenced documentation supporting cost claims on FEMA Project Worksheets (PWs) and that all supporting documentation will be maintained in a manner that the Office of Inspector General and other reviewers can easily follow.

With respect to the finding and recommendation of this report:

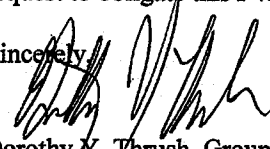
Finding: Donation Claims Not Prepared for Review.

Recommendation I: DPW and OES should consider taking the following actions on PW ALL 159 items one, two and three in order to prepare the claim for FEMA/OES review:

- Prepare the supporting documentation and have adequate information on file to substantiate costs claimed;
- Supporting documentation should be organized, titled, and cross referenced as required by the County's process for Firestorm 2007 review preparation; and
- A summary sheet and narrative should be developed to guide future reviewers on:
 - FEMA authorized scope of work actually performed
 - Support and descriptions for how volunteer hours were tracked and reviewed; and
 - Support and description for how labor rates and fringe rates were calculated and applied.

The Public Safety Group Finance Director agrees with this recommendation and will advise departments to prepare the documentation described above. This PW is not currently obligated by FEMA. The documentation described above will be reviewed by a County team prior to submitting the request to obligate this PW as part of the close out of DR 1731.

Sincerely,


Dorothy Y. Thrush, Group Finance Director
Public Safety Group